

Message Text

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ACTION EUR-12

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INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY THE HAGUE

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AMEMBASSY ROME

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USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS LONDON 11295

E.O. 11652: N/A

TAGS: ELAB, UK

SUBJECT: UK BASIC WEEKLY WAGE INCREASE LOWEST IN FOUR
MONTHS

REF: LONDON A-577

1. BEGIN SUMMARY: THE INDEX OF BASIC WEEKLY WAGE RATES
IN THE UK INCREASED BY 3.0 PERCENT BETWEEN MAY AND JUNE
TO BRING THE INCREASE IN THE TWELVE MONTHS TO JUNE TO
32.2 PERCENT - THE LOWEST ANNUAL INCREASE FOR FOUR MONTHS
THE INDEX OF AVERAGE EARNINGS, WHICH IS A MONTH BEHIND
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THE WAGE RATES, ALSO SHOWED A REDUCED ANNUAL RATE OF IN-

CREASE. IN COMPARISON THE INDEX OF RETAIL PRICES WENT UP BY 1.9 PERCENT OVER THE MONTH TO JUNE 17 TO A POINT 26.1 PERCENT HIGHER THAN A YEAR EARLIER, COMPARED WITH 25.0 PERCENT OVER THE YEAR TO MAY AND 21.7 PERCENT OVER THE YEAR TO APRIL. END SUMMARY.

2. MUCH OF THE JUNE RISE IN BASIC WAGE RATES WAS DUE TO INCREASES FOR WORKERS IN BUILDING AND CIVIL ENGINEERING AND CONSTRUCTION INDUSTRIES UNDER THE SECOND STAGE OF NATIONAL AGREEMENTS. SETTLEMENTS FOR SOME WORKERS IN CHEMICAL AND ALLIED INDUSTRIES, IRON AND STEEL MANUFACTURE, GENERAL PRINTING AND THE MOTOR VEHICLE RETAIL AND REPAIR INDUSTRY ALSO CONTRIBUTED. AT THE SAME TIME THE INDEX FOR MAY HAS BEEN REVISED UPWARDS BY 0.4 PERCENT, MAINLY AS THE RESULT OF BACKDATED PAYMENTS UNDER THE RAILWAY SETTLEMENT. THIS BRINGS THE MAY INCREASE TO 3.6 PERCENT AND THE INCREASE OVER THE PREVIOUS TWELVE MONTHS TO

33.1 PERCENT, COMPARED WITH 32.7 PERCENT OVER THE YEAR TO APRIL AND 33.6 PERCENT OVER THE YEAR TO MARCH.

3. THE MAY INDEX OF AVERAGE EARNINGS, SEASONALLY ADJUSTED, INCREASED BY 0.9 PERCENT TO BRING THE INCREASE OVER THE PREVIOUS TWELVE MONTHS TO 28.3 PERCENT, COMPARED WITH AN INCREASE OF 30.7 PERCENT OVER THE YEAR TO APRIL. HOWEVER, THE INCREASE OVER THE YEAR TO APRIL IS DISTORTED BY THE OVERTIME BAN IN ENGINEERING IN APRIL 1974 WHICH DEPRESSED EARNINGS. TAKING THIS INTO ACCOUNT, THE ANNUAL RATE OF INCREASE OF EARNINGS APPEARS TO HAVE REMAINED FAIRLY STEADY OVER THE PAST COUPLE OF MONTHS.

4. COMMENT: THOUGH IT IS TOO EARLY TO SAY THAT THE RATE OF INCREASE OF WAGE RATES HAS DEFINITELY SLACKENED OFF, IT IS TRUE TO SAY THAT THE GAP BETWEEN THE INCREASE IN WAGES AND PRICES HAS NARROWED DUE MAINLY TO THE ACCELERATION OF PRICE INFLATION. END COMMENT.

RICHARDSON

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